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Exactly ten years ago bombs and rockets were falling on the Suez Canal and tank battles and artillery duels raged in the Sinai desert.

This war caused the first oil shock and radically changed the world economy. Until then there had been constant progress since the Second World War. It had brought the industrial countries continuous growth, high employment and rising living standards. The developing nations had seen their economies flourish and social conditions improve. The newly industrialized countries had good prospects for the rapid development of their economies.

The break came in 1973. However, it took a long time for people to realize that this was the end of an era - an era of cheap energy and rapid growth. It took a long time for people to understand that the drastic increases in oil prices represented the greatest international transfer of income in modern economic history.

As a result, people took a long time to draw the necessary conclusions. In many cases, the price increases were not passed on to energy users. No changes were made to the economic and social policies which had been possible in times of long, and continuous economic growth. The cost had to be met from existing reserves or public sector budgets. More and more had to be borrowed to cover deficits and carry out development programmes. This was one of the causes of the huge debt accumulated in the public sector and by developing countries. The effects became increasingly evident:

- inflation rose,
- public and private investment slumped,
- economic growth dropped,
- unemployment increased,
- world trade developed only slowly.

The blow to Europe was harder and more permanent than to the rest of the industrialized world. Europe is largely dependent on imports of energy and raw materials. Europe can pay for these imports only if it exports its own goods and services. Flourishing world trade therefore is in its vital interests. It has to be competitive on world markets.

For over a century the main scientific and technological discoveries and innovations came from Europe. Things have changed in recent years. The first industrial revolution began in Europe; Europe played a major role in the second. Our place in the third industrial revolution - in the electronic revolution - is now at stake. Will we be among the leaders? The answer depends on whether we can prompt a recovery in the European economy and initiate a new period of growth. This will require a joint effort by all Member States of the European Community and the immediate creation of a European economic area with special priority being given to research and industry.

How do things stand at present? Between 1960 and 1973 the European Community's domestic product rose by an annual 4,6 %. Since then it has stagnated. Unemployment has increased fivefold in the last ten years. In 1973 public expenditure in the Community accounted for less than 40 % of gross domestic product compared with more than 50 % today. If this trend continues within a few decades, the public sector will be collecting and distributing everything which the economy produces. The proportion of investment in gross domestic product has dropped by 5 % in the last ten years while the proportion accounted for by private and government consumption has risen by 5 %. Consumption is increasing while the economy stagnates. How are we to finance the investment needed to create jobs and secure our future in the world economy?

Take our competitors: In the same period in which the number of people in employment dropped by 3 million in Europe, it rose by 15 million in the United States. Public expenditure accounts for more than 50 % of national product in Europe compared with only some 35 % in the United States and Japan. Between 1973 and 1981 industrial output rose by 26 % in Japan, 16 % in the United States and 8 % in the European Community. Energy investment measured as a proportion of gross domestic product is two to three times higher in the United States and Japan than in Europe. In trade in advanced technology products, we are still among the leaders on the world market but, measured in terms of the average for OECD countries, our share dropped from 100 to 87 between 1963 and 1981 while that of Japan increased from 72 to 137.

Our shortcomings in the information technology sector are plain to see: Eight of every ten computers sold in Europe come from the United States. Nine of every ten video recorders come from Japan. In 1982 the United States accounted for 62 % of the world production of integrated circuits, Japan for 31 % and Europe for only 7 %. Many other examples could be given of the problems and difficulties facing Europe today, the same Europe which, in the twenty years following the Second World War, rebuilt a shattered continent and achieved continuous economic growth and social progress, the Europe which merged to form a Community.

Is this a thing of the past? Is it inevitable that we shall lose our place in the world? Is it inevitable that we shall be overtaken by other countries such as the United States and Japan and the newly industrialized nations like Korea, Hong Kong and Singapore? Is it inevitable that we shall lose what we have already achieved and fail to prosper in the future?

The answer is "No" - if we shake off our mood of defensiveness and resignation and remember that Europe's position in the world at the time was achieved by the fearless acceptance of every challenge and by the will to overcome difficulties. We can build on a broad and solid foundation of knowledge, experience and hard work. There are large unexploited reserves in the ten Member States of our Community. We have only to mobilize them - and mobilize them together. We are wasting them and not mobilizing them

- when frontier checks on intra-Community trade cost some DM 30,000 million a year;
- when the Community budget allocates only 2,5 % of its funds to Community research and over 60 % to the agricultural policy;
- when competition law in the Member States raises obstacles to the establishment of European consortia which would be competitive on world markets;
- when Governments and public authorities jealously guard their often gigantic contracts for transport and telecommunications, electricity and water supply, dams and armaments and give them only to domestic firms;

- when, as in the case of colour televisions, telecopiers or high-speed railways, competing systems or standards have been developed and introduced impeding or ruling out completely a European product and joint use;
- when the Member States, one after another and sometimes even simultaneously, organize their own national export fairs in Tokyo or Mexico City, in Kuala Lumpur or Toronto, instead of presenting common European ones.

This constitutes selfish, national narrowmindedness and must be stopped. We need an internal European market which will give our industry the chance to conduct research and investment and produce goods for 270 million consumers. In fact, there are more than 300 million when we include the EFTA countries, with which we have a free trade agreement. This market is larger than that of the United States.

We need a European programme and European action for research and technology and for industrial development and energy. A report produced for the Commission of the European Communities by the American consultancy firm McKinsey estimated that two million new jobs would be created by 1990 if information technology developed here along the same lines as in the United States, but that two million jobs would be lost if the dependence and decline of the information technology industry were to continue at the present rate. Four million jobs are therefore at stake. Compared with this, the current difficulties in the textile and steel industries are minimal.

We need a European infrastructure in fields ranging from transport to financial markets in order to facilitate the activities of our economy. We need a combination of Community measures to revive the economy, to develop employment policy, to establish the internal European market and to promote research and tomorrow's industry.\*) Community institutions, governments and the two sides of industry must come together at European level. This must not merely take the form of talks, it must lead to action on which all are agreed. Europe's number one task is to halt stagnation and decline and promote recovery.

\*) A recent report by Mr. Albert and Mr. Ball to the European Parliament contains valuable suggestions and proposals on how to revive European industry in the eighties.

The Community must show the way. The Community's ministers of foreign affairs, finance and agriculture are now in Athens at a special Council meeting. Their task is to prepare the ground for the European Council meeting also to be held in Athens on 6 December. No more time should be wasted arguing about the few million that some countries pay to the Community and that others get out of it, or defending a policy which has produced butter mountains and wine lakes and could get us bogged down in olive oil and tomato puree. Interest in the Community must not be allowed to degenerate into the mere calculation of financial advantages and disadvantages. We fully understand the concern of the ministers of finance. Community funds must, of course, be spent carefully. The governments in particular must bear this in mind when they approve expenditure in the Council of Ministers for items such as agricultural policy. However, neither a paymasters's attitude nor speculation that more money will be available from Brussels will advance the Community. It is high time for a new political beginning for Europe.

Those who bear the responsibility today should remember the courage and farsightedness of the statesmen who paved the way for the European Community. After the second disastrous war during this century they decided to end confrontation once and for all and put cooperation in its place. In the preamble to the Treaty of 14 April 1951 establishing the European Coal and Steel Community they expressed their resolve "to substitute for age-old rivalries the merging of their essential interests; to create, by establishing an economic community, the basis for a broader and deeper community among peoples long divided by bloody conflicts; and to lay the foundations for institutions which will give direction to a destiny henceforward shared." And they expressed the conviction "that the contribution which an organised and vital Europe can make to civilisation is indispensable to the maintenance of peaceful relations."

Ladies and Gentlemen, this century two wars started in Europe and spread misery over the whole world. After this terrifying experience Europe's role in the world is: Peace and cooperation among peoples. Europe must work in union if it is to survive economically and politically.

The generation which returned home from the Second World War cherished few illusions, but the hope of a united Europe has not remained utopian for this generation. The design for a European Community - unprecedented in history - became a reality in the sixties, albeit imperfect and incomplete. Europe has supplied the proof that destructive national power politics can be replaced by a constructive consensus and that peaceful collaboration between peoples is to everyone's benefit. In a world in which mutual dependence is increasing daily, Europe must not decline into the egoism of nation states and into narrowminded nationalism.

The politicians and statesmen of Europe are faced by no more urgent or greater task than to restore the credibility of the original *raison d'être* of European unification in the eyes of all citizens, especially the young. Solemn declarations and ceremonial speeches lack credibility if they are not followed up by deeds. Bickering to gain petty advantages causes damage. We now need bold action and decisions. We need the proof that European countries still want a "merging of their essential interests" and can "give direction to a destiny henceforward shared". Only then will Europe be able to pursue its development as a political, cultural and economic entity and, as a driving force for peace, help to avert the lethal dangers of a race between East and West and an ever-widening gulf between North and South.

One of the major duties of the writers and publishers gathered here is to take this task seriously and spread the word. What we fail to do today may be beyond us tomorrow. In his historic speech about Europe at Zurich in 1946 Winston Churchill said: "I must give you a warning, time may be short." This warning has never been more pertinent than it is today. Europe must act - quickly and in unison.